GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA

UNSTARRED QUESTION NO:1258
ANSWERED ON:02.08.2005
FREE TRADE AGREEMENT WITH THAILAND
Meghwal Shri Kailash

Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

(a) whether Free Trade Agreement with Thailand is affecting domestic industries as the manufacturing cost of goods in Thailand is less in comparison to the goods manufactured domestically as reported in `Dainik Bhaskar` dated June 8,2005;

(b) if so, the details thereof and the facts of the matter reported therein;

(c) the reaction of the Government thereto; and

(d) the steps taken by the Government to save the domestic industry?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (SHRI E.V.K.S. ELANGOVAN)

(a) to (d): A Framework Agreement for establishing Free Trade between India and Thailand was signed by the Commerce Ministers of the two sides on 9th October, 2003 in Bangkok, Thailand. It provides for an Early Harvest Scheme (EHS) under which 82 common items of export interest to the sides have been agreed for elimination of tariff on a fast track basis w.e.f. 1.9.2004 . The items in the EHS list were finalized in consultation with the apex Chambers and Ministries / Departments concerned and the domestic stakeholders. The EHS list has been finalized through negotiations based on full reciprocity in items of trade value between India and Thailand.

To protect the vulnerable sections of the domestic industry, the Framework Agreement provides for each country to maintain a negative / sensitive list of items on which no tariff concessions shall be granted under the FTA. In addition, the Agreement provides for trade defence measures which an importing country can take recourse to. In case of a surge in imports and injury to the domestic industry, a country is allowed to take measures such as anti-dumping and safeguards.